

**PROPOSAL OF MARKETING STRATEGY
FOR GAHARU NUSANTARA TO FACE MARKET COMPETITION
IN YEAR 2013**

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Abstract- Gaharu Nusantara is a company that provides, manages and organizes some activities based on outdoor activity, such as outdoor gathering and outdoor training. Gaharu Nusantara has been trying to fulfill the companies' needs of quality improvement for their employees. In 2012, Gaharu Nusantara faced tight competition in their business especially in price and products/services that were offered by the competitors. Moreover, based on data of sales performance Gaharu Nusantara from 2010 until 2012, Gaharu Nusantara now faces a problem which is affected to the income of Gaharu Nusantara, they cannot achieved the yearly target in 2012 and higher achievement target in 2013, fluctuated profit and sales due to its seasonal demand from their market, and hard to sell their products/services due to its intangibility factors. The research will implement an exploration of the industry situation analysis (external analysis), business situation analysis (internal analysis), segmentation, targeting, and positioning analysis, marketing mix analysis, SWOT analysis and conclude in the root cause analysis. From the analysis, it can be concluded that root causes of Gaharu Nusantara are lack of marketing and communication strategy and limited of target market and products. Therefore, this research would give a business solution for Gaharu Nusantara to win the market competition in year 2013. The proposed implementation plan for Gaharu Nusantara are how to communicate their products and services through Integrated Marketing Communication strategy in order to improve their promotion to the potential customers and the expanded of new target market and development of outdoor activity products in order to increase their sales

Keywords :Marketing Strategy, Outdoor Activity, Marketing Mix, SWOT Analysis

1. Introduction

Company Background - Currently, there are many companies realized that human resource is the most valuable assets of its success of any business. Moreover, there are also many companies in Indonesia that invest in their employee's training and development programs and support, and also leadership programs for their employees, in term to encourage their employees to be more creative and innovative in order to the growing of its business and companies.

According to that, Gaharu Nusantara, a company that provides, manages and organizes some activities based on outdoor activity, such as outdoor gathering and outdoor training, has been trying to catch the trends of human resources development. Gaharu Nusantara has been trying to fulfill the companies' needs of quality improvement for their employees.

Gaharu Nusantara started its business in 2006, with a name of Gaharu Indonesia. In 2006, Gaharu Indonesia is an organizer that provides both event management and outdoor activity. Gaharu Indonesia has also tried to have supplementary business such as outdoor gear shop that sell outdoor shoes, backpacks, sleeping bags, etc that support outdoor activities. Whilst, according to the tight competition in event management businesses and unplanned of business strategy for the outdoor gear shop. Therefore, in 2010 Gaharu Indonesia decided to focus their business only in outdoor

activity provider. On the company's journey, Gaharu Indonesia has been decided to make changes of their business strategies.. Since Gaharu Nusantara focused on outdoor activity provider in 2010, therefore this research will only focus on their business from 2010 until 2012.

Company Vision and Mission :to become one of outdoor activity's providers that has differentiation from their competitors.

Company's values: State of Play, Unique, Safety, Friendly, and Non-Stop Learning.

Company's scope of business: outdoor gathering and outdoor training.

2. Business Issue

Currently, Gaharu Nusantara faced tight competition in their business especially in price and products/services that were offered by the competitors. Moreover, in year 2013 the management have decided higher achievement target compared to previous year of about Rp. 330,000,000. This achievement target must be achieved by Gaharu Nusantara in year 2013. Therefore, Gaharu Nusantara has to manage their sales and the fluctuated demand so they can achieved their yearly target in 2013. Moreover, Gaharu Nusantara still faced a hard way to sell their products due Gaharu Nusantara is a service business. According to Adrian Palmer, one of service characteristic is intangibility which has some implications to customers such as having difficulty in evaluating process, perceiving high level of risk, placing great emphasis on personal information sources, and using prices as a basis for assesing quality. Moreover, the lack of physical evidence which intangibility implies increases the level of uncertainty which customer faces when choosing between competing services. (Palmer, 2001:16). In addition, according to the information from owner Gaharu Nusantara, the most important things to achieve their yearly target is how to create good marketing and communication strategy so they can win the market competition in this outdoor activity industry.

Moreover, based on data of sales performnace Gaharu Nusantara from 2010 until 2012, it can be concluded that business issues faced by Gaharu Nusantara are as follow:

- They cannot achieved the yearly target in 2012, while Gaharu Nusantara has to face the higher achievement target in year 2013 of about Rp. 330,000,000 or about 10% higher compared to year 2012.
- The fluctuated profit and sales due to its seasonal demand of outdoor activity programs.
- Hard to sell and communicate their services due to its intangibility factor.

Conceptual Framework

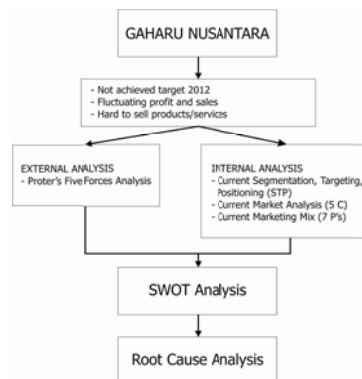


Figure 1. Conceptual Framework

Porter's Five Forces Analysis

According to Michael E. Porter, an authority on competitive strategy contends that a corporation is most concerned with intensity of competition within its industry. The level of this intensity is determined by basic competitive forces, which are Threat of New Entrants, Bargaining Power of Buyers, Bargaining Power of Suppliers, Threat of Substitutes Products or Services, and Rivalry among Existing Firms. A sixth force, Relative Power of Other Stakeholder, is added to reflect power of

government, local communities, shareholders, and other groups from the task environment (Wheelen and Hunger, 2008: 86). Therefore, the Porter's Five Forces of outdoor activity industry can be seen in the figure below.

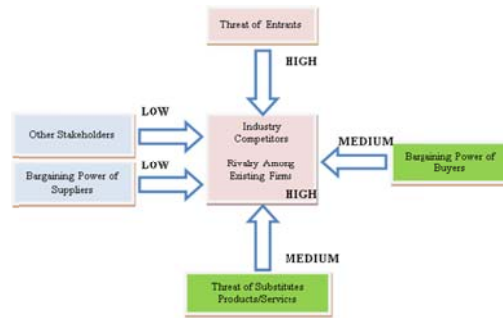


Figure 2. Porter's Five Forces of Outdoor Activity Industry

Segmentation, Targeting, and Positioning

According to Philip Kotler & Gary Armstrong on Marketing and Introduction 6th Edition, the Segmentation, Targeting and Positioning analysis is to divide heterogeneous markets into smaller segments that can be reached more efficiently and effectively with products and services that match their unique needs. Therefore the Segmentation, Targeting, and Positioning for Gaharu Nusantara are as follow:

Segmentation – Demographic (17 – 50 years old; men and women); Geographic (people who live in Indonesia); Psychological (people who need to refresh their mind, gather with other, and need to develop their skills).

Targeting - Companies who needs to develop their human resource through experience in outdoor activities and people who need to refresh and self-development through experience in outdoor activities.

Positioning - Positioning of Gaharu Nusantara is “**Our Services to become Your Experiences**”. Gaharu Nusantara always tries to offer the service excellence from each of the activities and also offer the unique experience for the consumers.

Marketing Analysis (5C's)

Customer - The customer of Gaharu Nusantara is companies who need some outdoor activities which has goal to refresh the employee or develop the quality their employees. The decision maker of this buying process is usually companies' management, HR Department, or Procurement Department. The customer usually buy the product based on their needs, they are looking for the fun activities that can support their need of their employees' refreshing or to enhance the quality of their employees.

Company - Gaharu Nusantara is a business that provides, manage and organize some activities based on outdoor activity such as outdoor gathering and outdoor training. Although Gaharu Nusantara has started its business since 2006, currently Gaharu Nusantara still in the “starting” stage of business. In 2012, Gaharu Nusantara has a lower income, because they are not only selling their product but the company has been doing the restructuring and the planning of their product and brand image.

Competitors - Currently, the competition of this business is relatively high. It has shown from many of existing company that provides outdoor training or outdoor gathering. Moreover, threat of new entrants in this business is also high because to start this business, we don't need the large amount of capital and the management to operate this business is relatively easy. The main competitors for Gaharu Nusantara can be seen in the table below.

Collaborators - Currently, Gaharu Nusantara has not partnership with other companies or other third parties.

Context - Currently, Gaharu Nusantara has not registered as *Perseroan Terbatas*. Gaharu Nusantara is a privately owned enterprise that is owned by small number of shareholders.

Table 1. Summary of Competitors

	Selaras Adventure	Anhang Adventure	Rakata
Operation Year	1999	1999	1994
Value	<ul style="list-style-type: none"> - Service - Morality - Innovative - Leadership - Excellent - Synergy 	"Not Everybody Can!"	<ul style="list-style-type: none"> - Worldwide outdoor activities and programs - Wide range of different activities - Five stars camp - Has 3 code of conduct: professional, safe, friendly
Product	<ul style="list-style-type: none"> - Outdoor Training - Outdoor Gathering - Rafting, Paintball - Camp Site 	<ul style="list-style-type: none"> - Trekking Bike - Outbound Programs - Paintball, Rafting 	<ul style="list-style-type: none"> - Outdoor training (corporate and youth program) - Adventure travel - Event Organizer - 5-Star Camp ground Clothes and Outdoor Gear
Price	Rp. 345,000 to Rp. 2,150,000 per pax	Rp.350,000 to Rp. 2,000,000 per pax	On requested
Place	<ul style="list-style-type: none"> - Main Office: Jakarta - Camp Site: Sukabumi 	Main Office: Bandung	<ul style="list-style-type: none"> - Main Office: Jakarta and Bali - Local Team: Jogjakarta
Promotion	Website	Website	<ul style="list-style-type: none"> - Website - Involve in big expeditions such as Seven Summit Expedition
People	80% local people and trained	Experienced employees in outdoor activity	Certified employees in outdoor survival techniques

Marketing Mix (7P's)

According to service business of Gaharu Nusantara, this analysis will use the extended marketing mix which is more applicable to the service sector. The additional of four elements (4P's) of marketing mix are People, Physical Evidence, and Processes (Palmer, 2001: 12).

Product- The products or services of Gaharu Nusantara can be divided into two type that can be seen in table below.

Table 2. Gaharu Nusantara's Products/Services

Outdoor Gathering	Outdoor Training
<ul style="list-style-type: none"> - Accommodation, Transportation and F&B - Merchandise & Photo Documentation - Motivation Session - Professional trainer & team - Doctor Stand By - Insurance - Program: City Rally, Amazing Race, Adventure Activity, etc. 	<ul style="list-style-type: none"> - Accommodation, Transportation and F&B - Merchandise & Photo Documentation - Motivation Session - Professional trainer & team - Doctor Stand By - Insurance - Program: Team Building Games, Final Project, Conclusion & Debrief Session.

In addition, demand market for Gaharu Nusantara's products/services can be divided into three categorized that can be seen in the figure below.

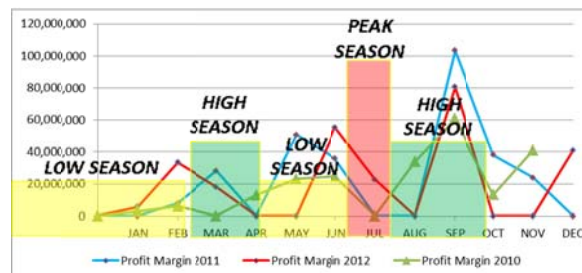


Figure 3. Mapping Demand of Gaharu Nusantara's Customer

Price- The prices of Gaharu Nusantara's services are depending on client's request. However, in general price of Gaharu Nusantara's products are ranging between Rp. 500,000 – Rp. 4,000,000 per pax.

Place- Gaharu Nusantara's office is located at Jalan Cihampelas 132, Bandung, West Java, Indonesia. However, the events are held in many places such as North Bandung, South Bandung, Bali, etc based on the client's needs and wants.

Promotion- Currently, Gaharu Nusantara has several promotion media such as Words of Mouth, Website, and Social Media (facebook and twitter). Meanwhile, this promotion media has created by Gaharu Nusantara in year 2012. While in 2010 until 2011, they has no promotion media except the Words of Mouth.

People- There are 6 permanent employees of Gaharu Nusantara which are General Manager, Administration, Head of Marketing & Sales Department, Product Development, Project Management, and Marketing & Communication. However, for the D-Day of the event/project, Gaharu Nusantara will recruit for the team project.

Physical Evidence- Gaharu Nusantara has to get attention for the quality of materials that supported this business, such as quality of the merchandise, games equipment, and facilities (such as accommodation, transportation, etc which depend on the third party).

Process- The buying process of Gaharu Nusantara's products/services can be divided into pre-selling, selling and post-selling process.

SWOT Analysis

STRENGTH
<ul style="list-style-type: none">- Has two products/services (outdoor gathering, outdoor training)- Has differentiation through the company's values (State of Play, Friendly, Safety, Unique, Non-stop Learning)- Started branding & communication strategy in 2012- Has experienced to organize gathering and training for several companies since 2010

WEAKNESS
<ul style="list-style-type: none">- Does not have the structured business plan and strategy- Lack of marketing and communication strategy.- Current target market of Gaharu Nusantara is limited only for companies.

OPPORTUNITY
<ul style="list-style-type: none">- The needs of human to refreshing is high- Bandung City and surroundings has high potential (nature, city, historical, culinary, etc)- High demand for product development (training, kids development, site development)

THREAT
<ul style="list-style-type: none">- Tight competition in this business both from the existing company and future/new entrants with different values- Customer loyalty in outdoor activity industry is low.- Demand of outdoor activity is fluctuated.

Root Cause Analysis

After we define the external and internal analysis of the company, the problem that has faced by Gaharu Nusantara occur from the root cause as follow:

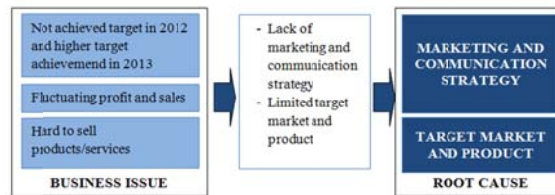


Figure 4. Root Cause Analysis

Alternative Business Solution

After we define the root cause analysis, the proposed alternative business solution for Gaharu Nusantara are:

- Improvement of Marketing and Communication Strategy

With the improvement of promotion and communication, so the information of Gaharu Nusantara's products/services will be delivered to the customers and potential customers. This will have a positive impact to the increasing sales and financial performance of Gaharu Nusantara.

- Increasing Sales

High demand of new market and new product can be the opportunity for Gaharu Nusantara to increase their sales and increase the financial performance and can be the solution for the fluctuating profit and sales.



Figure 5. Alternative Business Solution

Table 3. Proposed Business Solution

No.	Root Cause	Alternative Business Solution
1	Marketing and Communication Strategy <ul style="list-style-type: none"> - Lack of Client's knowledge for their service. - Their service is intangible. - Process in pre-purchase stage is difficult. - Media promotion of Gaharu Nusantara only ATL, such as website and social media. 	<ul style="list-style-type: none"> - Improve and maintain the ATL promotion: website, facebook, twitter and You Tube. - Create Below The Line (BTL) of promotion such as activity voucher to the potential customer or create video documentation. In terms to give the experiential learning for the potential customers. - Improvement of promotion &

No.	Root Cause	Alternative Business Solution
		communication, so the clients can value the experiences that offered by Gaharu Nusantara
2	Target Market and Product <ul style="list-style-type: none"> - Limited of target market (only for companies) - High demand for new target market and new product development 	<ul style="list-style-type: none"> - Create new product such as outdoor travelling. - Create new target market for family and small group.

Proposed STP

Segmentation –Demographic (Age: 12 – 17 years old; 17 – 20 years old; 20 – 50 years old; 50 – 60 years old., men and women); Geographic (people who live in Indonesia, domestic and foreign tourists); Psychological (people who need to refresh their mind, gather with other, need to develop their skills, and need to travelling).

Targeting –Companies (companies, small group/family, school, and university) who needs to develop their human resource through experience in outdoor activities and needs to have gathering activities for their employees; Family who need to refreshing, traveling, and gathering with their family group; People who need to refresh and self-development through experience in outdoor activities.

Positioning -Current positioning of Gaharu Nusantara is “**Our Services to become Your Experiences**” already show that Gaharu Nusantara offer and give their products/services through the experiences for their customers. Meanwhile, their product/services should be communicate to their potential customers, so the product/services will attract them and buy the products/services. It can be implemented with communicate and promote the current customers about their opinion about the experiences during the activities from Gaharu Nusantara.

Proposed Marketing Mix

Product– Gaharu Nusantara can expand their target market, not only for the companies but also for the families and small groups.

Month in Year 2013											
1	2	3	4	5	6	7	8	9	10	11	12
	Companies			Companies					Companies		
University						University					
						Junior & Senior High School					
					Family & Small Group					Family & Small Group	

Figure 6. Demand Mapping of New Target Market

Price - In terms of offering price of Gaharu Nusantara’s products/services so they can compete with their competitors, Gaharu Nusantara should collaborate with their third parties (activity vendor). This partnership has a purposed to get the production efficiency, therefore it can be one of business strategies to decrease the production cost so the offering price is not too high.

Promotion - The proposed promotion strategies for Gaharu Nusantara were Above The Line (ATL) promotion and Below The Line (BTL) promotion. One of ATL strategies is improve their current

promotion media such as website, facebook and twitter. Gaharu Nusantara can also added the other social media, which is You Tube that can be used to upload their video documentation so the potential customers can look for the experience of the activities that offered by Gaharu Nusantara. Whilst, for the Below The Line (BTL) promotion, Gaharu Nusantara can directly communicate to the potential customers through merchandise, activity voucher, direct mail, and also placed brochures in the strategic places such as Factory Outlet or hotels.

People - To improve the quality of the human resources of internal employees Gaharu Nusantara and outsourcing employees, Gaharu Nusantara can do the workshop or training for their employees both internal and outsourcing, such as First Aid workshop and Communication Skills training. Those workshop or training will help to improve their human resources skills and can be an added value for Gaharu Nusantara.

Physical Evidence - Gaharu Nusantara can improve their promotion through their physical evidence, Nusantara during their activities (merchandise, games equipments). Moreover, they can have partnership with their parties to get good quality of the facilities that used for the activities program such as employees' uniform and create branding on the equipments that were used by Gaharu.

Process - Gaharu Nusantara can promote their products/services to the potential customers through the promo activity so the potential customers can try the products/services of Gaharu Nusantara and feel the experiences during the activities. Gaharu Nusantara can also create the video documentation in terms to give the description about the previous activities which can attract the potential customers to buy their products/services.

Proposed Integrated Marketing Communication

Based on Keith J. Tuckwell, Integrated Marketing Communication involves the coordination of all forms of marketing communications in a unified program that maximizes impact on customers and other types of customers. It embraces many unique yet complementary forms of communication: media advertising (a focus on message strategies and media strategies in a traditional media environment); direct response communications (communications that encourage immediate action); digital communications that include online, mobile phone, and CD-DVD communications; sales promotion (both customer and trade promotions); public relations; event marketing and sponsorship; and personal selling (Tuckwell, 2008: 3). Therefore, the proposed Integrated Marketing Communication for Gaharu Nusantara are as follow:

Above The Line (ATL) Promotion- The proposed of Above The Line (ATL) promotion for Gaharu Nusantara as follow:

- Digital (Interactive) Communication: Maintain their current website and Promotion through social media such as facebook, twitter and You Tube.
- Advertising: create magazine which contains of experiences during the outdoor activities or information about how to prepare our self if we plan to do the holiday trip or outdoor activities.

Below The Line (BTL) Promotion- Several Below The Line (BTL) promotion strategies that can be conducted by Gaharu Nusantara as follow:

- Sales Promotion: Merchandise and activity voucher.
- Direct Response Communication: direct Mail which can be contained of information about products/services of Gaharu Nusantara.
- Brochures which can be placed in strategic places such as Factory outlet and hotels.
- Personal Selling: Road Show, within this road show, Gaharu Nusantara can explain about their company, their intangible services, and their added value. Furthermore, the customers could have the more clear description of Gaharu Nusantara's products or services.

3. Implementation Plan

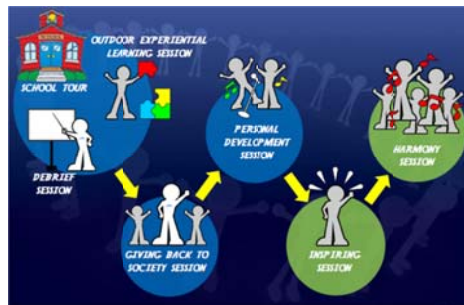
Marketing and Communication Strategy- Gaharu Nusantara must have improvement on their marketing and communication strategy. Therefore, the information about their company and products/services will be delivered clearly to the current customers and also to the potential customers. With the good information and communication from Gaharu nusantara, it will have good impact for the opportunity for Gaharu Nusantara to increase their sales and financial performance.

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Figure 7. Roadshow Schedule for Gaharu Nusantara

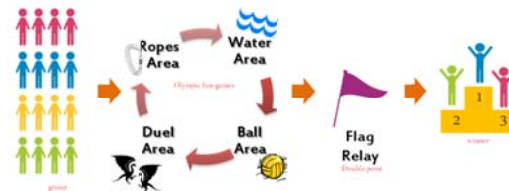
New Market and New Product Development- In terms to increase Gaharu Nusantara's sales and financial performance, the proposed new target market are universities, schools, and small groups/families segments.

- University Program



Gaharu Nusantara can offer this programs which consist of school tour that has purposed to introduce and create create awareness to University Environment and to enhance the leadership and teamwork skills for their students.

- Junior & Senior High School Program



Gaharu Nusantara can offer the fun competitive games for the junior and senior high schools that also can enhance the personal skills.

- Family/Small Group Program



Gaharu Nusantara can offer unique travelling or holiday programs for families and small groups.

Table 4. Implementation Plan Schedule

NO.	PROGRAM	TIMELINE (YEAR 2013)											
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1	PRODUCT DEVELOPMENT												
	- Product Outdoor Travelling												
2	PARTNERSHIP												
	- Partnership with hotel												
3	WORKSHOP/TRAINING												
	- First Aid Workshop												
4	PROMOTION												
	- Roadshow												
5	Media Social (website, facebook, twitter, You Tube)												
	- Magazine												
6	Merchandising												
	- Activity Voucher												
7	Direct Mail to Customer												
	- Brochures												

Table 5. Implementation Plan Budgeting

NO.	PROGRAM	COST (IN RP.)			
		UNIT	TIMES	AMOUNT	SUB TOTAL
1	PRODUCT DEVELOPMENT				
	- Product Outdoor Travelling	1	2	Rp5.000.000	Rp10.000.000
2	PARTNERSHIP				
	- Partnership with hotel				
3	WORKSHOP/TRAINING				
	- First Aid Workshop	1	1	Rp3.000.000	Rp3.000.000
4	PROMOTION				
	- Media Social (website, facebook, twitter, You Tube)	1	1	Rp1.000.000	Rp1.000.000
5	Magazine	100	4	Rp25.000	Rp10.000.000
	- Merchandising	25	4	Rp50.000	Rp5.000.000
6	Activity Voucher	5	4	Rp250.000	Rp5.000.000
	- Direct Mail to Customer				
7	Brochures	500	1	Rp5.000	Rp2.500.000
TOTAL COST					Rp42.500.000

4. Conclusion

Finally, the conclusion for the marketing strategy of Gaharu Nusantara to win the market competition in 2013 and to increase their sales and financial performance as follow:

- Product development:

This strategy has purposed to expand target market such as families and small groups. This new target markets have similar needs to refreshing and gathering activities. If Gaharu Nusantara can expand their target markets, it will have positive impact to increasing their sales and financial performance. Besides that, Gaharu Nusantara can develop new products such as outdoor travelling.

- Promotion

This promotion has purposed to increase and improve the branding and communication both to the customers and potential customers. If Gaharu Nusantara has implemented the good promotion strategy, therefore the information of Gaharu Nusantara's products/services will be delivered to the customers and potential customers which can improve sales and financial performance.

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